EXHIBIT 22

KTR
REAL ESTATE ADVISORS

551 Madison Avenue, New York, New York 10022
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Appraisal of

840 Atlantic Avenue,
547 Vanderbilt Avenue
847-853 Pacific Street
Brooklyn, New York 11238

Exhibit
P22

KTR

REAL ESTATE ADVISORS

August 30, 2018

Mr. Sam Rottenberg
Vanderbilt Atlantic Holdings LLC
390 Berry Street, Suite 201
Brooklyn N.Y. 11249

Re: 840 Atlantic Avenue
547 Vanderbilt Avenue
847-853 Pacific Street
Brooklyn, New York 11238
KTR No.: 18-1-00271

Dear Mr. Rottenberg:

In accordance with our agreement dated June 27, 2018, KTR Real Estate Advisors LLC ("KTR") has performed an appraisal of the above-referenced property and has communicated its results in the attached report. Its purpose is to provide an estimate of the Market Value of the Fee Simple Interest in the subject land based on the existing M1-1 and R6B zoning. In addition, the client has requested an opinion of value assuming that the entire site is rezoned based on the current proposals represented in the "M Crown" study; as of August 20, 2018, the date a staff member of KTR inspected it. The scope of work also includes an opinion of the market ground rent for the subject property.

The subject property, known as 840 Atlantic Avenue, 547 Vanderbilt Avenue and 847-853 Pacific Street, consists of a 29,000 square foot U-shaped parcel currently improved with a one-story quick service restaurant building. It is located at the southeast corner of Atlantic and Vanderbilt Avenue in the Prospect Heights section of Brooklyn. It has additional frontage on the north side of Pacific Street. According to public records the existing improvements contain a gross area of 3,760 square feet. The subject property is identified on the Kings County Tax Maps as Block 1122 Lots 1, 68 and 71 and is more fully described, legally and physically, within the attached report.

In its current configuration, Lot 1 is an L-shaped parcel divided by Zoning Districts. The northern portion of the site, fronting on Atlantic Avenue is situated within an M1-1 manufacturing district, while the southern portion of the site is within an R6B residential district. Lot 68 also appears to be divided by zoning district with the easterly portion of the site within the R6B district and the westerly portion in the M1-1 district. Lot 71 is fully located within the M1-1 manufacturing district. The subject is also located in the proposed "M Crown" rezoning area, currently under consideration by NYC Planning and the Community Board 8 Subcommittee.

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Based on the analysis contained within the attached report, the Market Value of the Fee Simple Interest of the subject site, under current zoning, ($12,000,000 for the M1-1 Parcel and $6,300,000 for the R6B Parcel), free and clear of financing as of August 20, 2018, is:

EIGHTEEN MILLION THREE HUNDRED THOUSAND DOLLARS
($18,300,000)

The preceding value conclusion is based on certain extraordinary assumptions that if incorrect could materially impact the results of this appraisal. See pages v and vi for details.

Based on the analysis contained within the attached report, the Market Value of the Fee Simple Interest in the subject property, under the hypothetical condition that the entire site is rezoned based on the current proposals represented in the "M Crown" study, free and clear of financing as of August 20, 2018, is:

THIRTY EIGHT MILLION EIGHT HUNDRED THOUSAND DOLLARS
($38,800,000)

The preceding value conclusion is based on certain hypothetical conditions and extraordinary assumptions that may have impacted the assignment results. See pages iv, v and vi for details.

The attached report, in its entirety, including all assumptions and limiting conditions, which is an integral part of, and inseparable from, this transmittal letter, contains the data, information, analyses and calculations upon which the value conclusion indicated herein are based. The report was prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and in accordance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

It has been a pleasure to be of service to you. Please do not hesitate to call with any questions you may have regarding our assumptions, observations or conclusion.

Very truly yours,

KTR REAL ESTATE ADVISORS LLC

By: Thomas J. Tener, MAI
Managing Member
NY Certification #46000033225

By: Shaun Kest, MAI
Senior Vice President
NY Certification #46000049297

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CERTIFICATE OF APPRAISAL

We, Thomas J. Tener, MAI and Shaun Kest, MAI certify that to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved.

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Our analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

Shaun Kest, MAI has made a personal inspection of the property that is the subject of this report. Thomas J. Tener, MAI has not made a personal inspection of the property that is the subject of this report.

No one has provided significant professional assistance with the inspection and in the preparation of this appraisal.

This appraisal was not prepared in conjunction with a request for a specific value or a value within a given range or predicated upon loan approval.

The reported analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, Thomas J. Tener, MAI and Shaun Kest, MAI have completed the continuing education program of the Appraisal Institute.

Thomas J. Tener, MAI is licensed in the State of New York (NY certification #46000033225). Shaun Kest, MAI has been duly certified to transact business as a Real Estate General Appraiser (New York State certification #46000049297).

Thomas J. Tener, MAI and Shaun Kest, MAI have extensive experience in the appraisal of similar properties.

We have not appraised the property or provided any other services with respect to the subject property in the three years immediately preceding the commencement of this assignment.

KTR REAL ESTATE ADVISORS LLC

By: Thomas J. Tener, MAI
Managing Member

By: Shaun Kest, MAI
Senior Vice President

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is subject to the following assumptions and limiting conditions:

No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

Responsible ownership and competent property management are assumed.

The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report.

It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraisers.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

All values rendered within this report assume marketing times of twelve months or less unless otherwise indicated.

In no event shall either party be liable to the other party for any consequential, incidental, or indirect damages including, though not limited to, loss of income, loss of profits, loss or restriction of use of property, or any other business losses.

The appraiser is authorized by the client to disclose all or any portion of this report and the related data to appropriate representatives of the Appraisal Institute, or other professional organizations of which the appraiser is a member or affiliate, if such disclosure is required to enable the appraiser to comply with bylaws and regulations of such organizations.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. No specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA was conducted. It is possible that a compliance survey of the subject property, together with a detailed analysis of the requirements of the ADA, could reveal that the subject property is not in compliance with one or more of the requirements of the act. If so, this could have a negative effect upon the value of the subject property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the valuations contained herein.

HYPOTHETICAL CONDITIONS

Hypothetical Condition is defined in the 2018-2019 Uniform Standards of Professional Appraisal Practice as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends, or about the integrity of data used in the analysis."

The client has requested an appraisal of the subject land under the following hypothetical condition:

1. **The subject is in an area that is being considered by the NYC Department of City Planning and the Community Board 8 Subcommittee for rezoning as part of the "M-Crown" rezoning. The submitted presentation prepared by the Department of City Planning, dated February 12, 2018, details a plan that would result in a significant up-zoning of the subject site. Under this potential rezoning the subject would be split-zoned with the portion along Atlantic Avenue in the High Density C area and the portion along Pacific Street in the MX area.**

Under the current presentation, the subject would be zoned C6-1 Commercial Zone along Atlantic Avenue, with a community facility FAR of 6.5, a commercial FAR of 6.0 and a residential Mandatory Inclusionary Housing FAR of 4.6. The MX rezoning area will further be subdivided into interior side street and north-south blocks. The subject appears to be in both portions of this rezoning. The MX interior side streets, will convert the current zoning to a C4-3A Commercial Zone, with a community facility FAR of 4.8, a commercial FAR of 3.0 and a residential Mandatory Inclusionary Housing FAR of 3.6 and the MX north-south blocks, will convert the current zoning to a C4-4A Commercial Zone, with a community facility FAR of 4.8, a commercial FAR of 4.0 and a residential Mandatory Inclusionary Housing FAR of 4.6. This appraisal includes an opinion of the Market Value of the Fee Simple Interest in the subject land under the hypothetical condition that the subject property is rezoned under the "M-Crown" plan, as described above, as of the effective date of this appraisal.

The use of this hypothetical condition may have impacted the assignment results.

EXTRAORDINARY ASSUMPTIONS

Extraordinary Assumption is defined in the 2018-2019 Uniform Standards of Professional Appraisal Practice as "an assignment specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis."

The concluded market values and market ground rent of this appraisal are based on the following Extraordinary Assumptions:

1. **The subject property is improved with a McDonald's restaurant. At the time of the inspection, the restaurant continued operations. KTR requested a copy of the McDonald's Lease, but was not provided with a copy. KTR reviewed a Memorandum of Lease filed with the City Register. According to the Memorandum, the Lease expired on March 23, 2018. The Memorandum of Lease indicates that Tenant has "the option to extend the term of the lease at the expiration of the original term for successive periods aggregating twenty (20) years." The value conclusions contained herein are based on the extraordinary assumption that the tenant has not exercised its renewal option and the site is available for development to its highest and best use.**
2. **According to Public Records, a Memorandum of Lease dated November 30, 2017 between M.M.B Associates, LLC ("Landlord") and Vanderbilt Atlantic Holdings LLC ("Tenant") was recorded on December 26, 2017. The Memorandum identifies a 99-year ground lease encumbering the subject property. According to the client, this ground lease is between related parties. This appraisal assumes no division of interest is created by this ground lease. The values developed herein reflect the Fee Simple Estate, exclusive of the noted ground lease.**
3. **As part of the Hypothetical Analysis associated with the "M Crown" rezoning, the subject would be in a Mandatory Inclusionary Housing Area. Although not finalized, the Mandatory Housing will include one or more of four permanent affordable housing requirements. City Planning and the City Council can choose to impose one or both basic affordable options. Option 1 requires 25.0% of the units be affordable, with 10.0% at 40.0% of Area Median Income (AMI) and 15.0% at 60.0% of AMI. Option 2 requires 30.0% of the units to be affordable at 80.0% of AMI. In addition, City Planning and the City Council may also add**

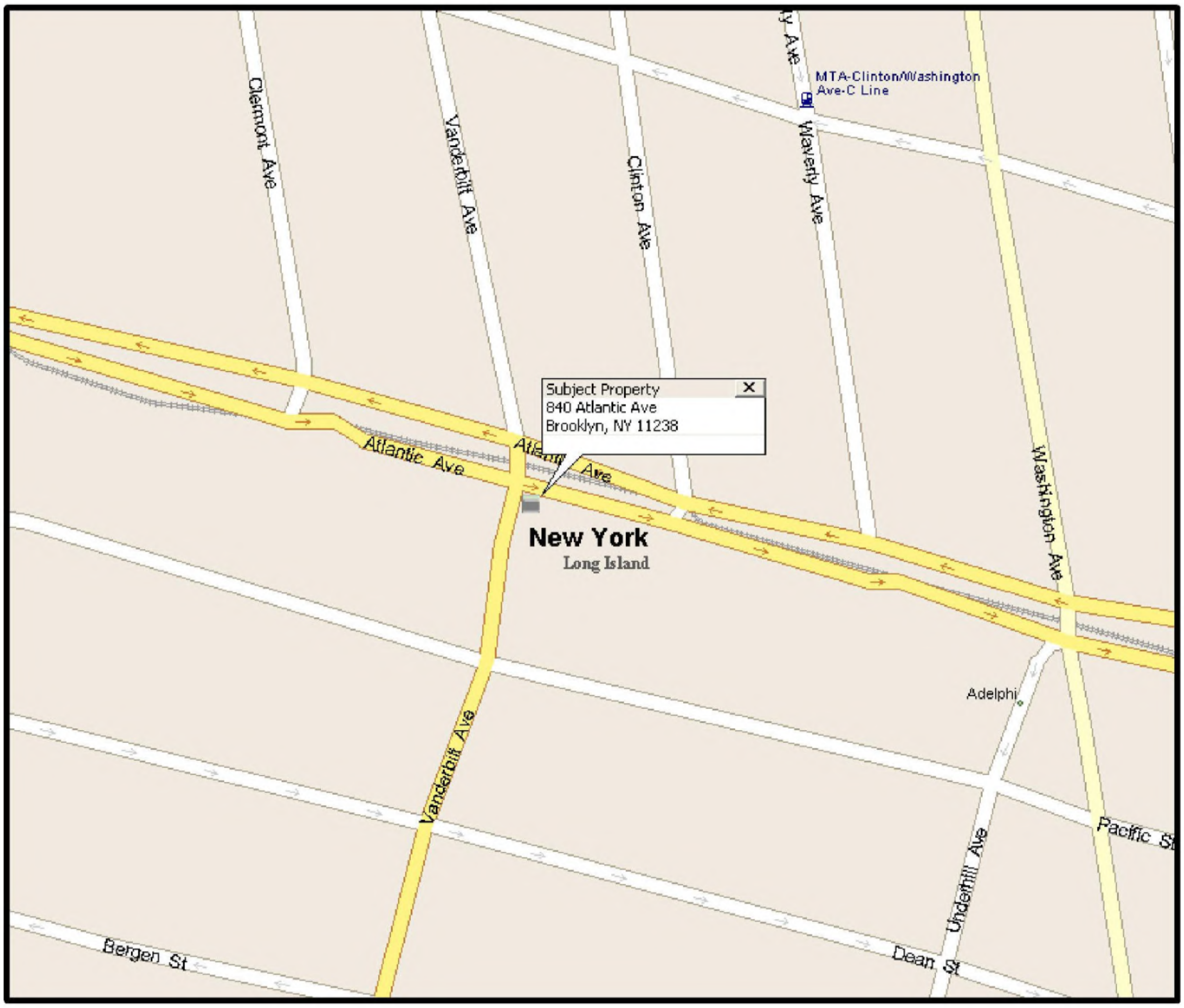
one or both of two other options. Option 3 requires 20.0% of the units to be affordable at 40.0% of AMI. Option 4 requires 30.0% of the units be affordable, with 5.0% at 70.0% of AMI, 5.0% at 90.0% of AMI and 20.0 at 115.0% of AMI. Based on the City's posture regarding the need for affordable housing, this analysis assumes that at the least Option 1 and Option 2 will be required as apart of "M Crown". It is note assumed that Options 3 or Option 4 will be required for the subject.

Should these assumptions be incorrect, the values developed herein may be materially impacted.

PHOTOGRAPH OF THE SUBJECT PROPERTY

AERIAL PHOTOGRAPH

LOCATION MAP



SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Date of Value August 20, 2018

Date of Inspection August 20, 2018

Property Address 840 Atlantic Avenue
547 Vanderbilt Avenue
847-853 Pacific Street
Brooklyn, New York

Property Location The property is located at the southeast corner of Atlantic and Vanderbilt Avenue in the Prospect Heights section of Brooklyn. It has additional frontage on the north side of Pacific Street.

Block/Lot Block 1122 Lots 1, 68 and 71.

Purpose Of Appraisal The purpose of the appraisal is to provide an estimate of the Market Value of the Fee Simple Interest in the subject land breaking out values for the M1-1 zone portions of the site and the R6B zoned portion of the site. In addition, the client has requested an opinion of the Market Value of the Fee Simple Interest in the subject site under the hypothetical condition that the entire site is rezoned based on the current proposals represented in the "M Crown" study. The scope of work also includes an opinion of the market ground rent for the subject property.

Site Size 29,000 square feet (combined).

Zoning The subject is situated within the M1-1 Manufacturing and R6B Residential Districts. The hypothetical condition analyzed assumes the site is rezoned in the "M Crown" area with portions being C6-1 (6.0-6.5 FAR) and a Mandatory Inclusionary Housing Area FAR of 4.6, C4-3A (3.0-3.6 FAR) and a Mandatory Inclusionary Housing Area FAR of 4.8 and C4-4A (4.0-4.6 FAR) and a Mandatory Inclusionary Housing Area FAR of 4.8.

Improvements The subject property is currently improved with a one-story quick service restaurant building and paved parking. According to public records the existing improvements contain a gross area of 3,760 square feet.

2108/19
Real Estate Assessments

Lot	Actual Total	Transitional Total
1	$454,050	$447,890
68	$47,250	$31,660
71	$99,450	$97,910
Total	**$600,750**	**$577,460**

Highest and Best Use	
As Vacant	Mixed-use development.
As Improved	Mixed-use development.
APPROACHES TO VALUE	
Sales Comparison	$18,300,000
M1-1 Parcel	$12,000,000
R6B Parcel	$6,300,000
"M Crown" Zone Site	$38,800,000
Income	Not Applicable
Cost	Not Applicable
APPRAISED VALUES	
Entire Site "As Is"	**$18,300,000**
M1-1 Parcel	**$12,000,000**
R6B Parcel	**$6,300,000**
Entire Site "M Crown"	**$38,800,000**

The preceding value conclusions are based on certain hypothetical conditions and extraordinary assumptions that may have impacted the assignment results. See pages iv, v and vi for details.

PREMISES OF THE APPRAISAL

Identification

The subject, known as 840 Atlantic Avenue, 547 Vanderbilt Avenue and 847-853 Pacific Street, consists of a 29,000 square foot parcel improved with a one-story quick service restaurant building occupied by McDonalds. It is located at the southeast corner of Atlantic and Vanderbilt Avenue in the Prospect Heights section of Brooklyn. It has additional frontage on the north side of Pacific Street. It is identified on the Kings County Tax Maps as Block 1122 Lots 1, 68 and 71.

Purpose Of Appraisal

The purpose of the appraisal is to provide an estimate of the Market Value of the Fee Simple Interest in the subject land breaking out values for the M1-1 zone portions of the site and the R6B zoned portion of the site. In addition, the client has requested an opinion of the Market Value of the Fee Simple Interest in the subject site under the hypothetical condition that the entire site is rezoned based on the current proposals represented in the "M Crown" study. The scope of work also includes an opinion of the market ground rent for the subject property.

Intended Use/ Intended User

The intended user of this report is Vanderbilt Atlantic Holdings LLC in conjunction with certain asset management related decisions and analysis.

Sales History Of The Subject Property

According to public record, the owner of the subject is M.M.B. Associates, LLC who acquired it in a related transaction on March 18, 2016 from M & B Associates for no consideration. Public record indicates that a long term, 99-year, ground lease was signed on November 30, 2017. The New York City Department of Finance (Office of City Register) indicates a consideration of $7,000,000 for this ground lease. According to the client, this ground lease is between related parties. At the request of the client, the values developed herein are exclusive of any division of interest attributable to this ground lease. As such, the interest appraised herein is the Fee Simple Estate. The difference between the appraised value and the reported ground lease consideration is attributable to unknown conditions in the ground lease which was not provided for review. Other than the aforementioned transactions, there have been no other transfers of ownership during the last three years.

Definition of Fee Simple Estate

A Fee Simple Estate is defined by the Appraisal Institute in The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago, Illinois, Appraisal Institute, 2015, as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Definition of Market Value

The definition of Market Value used in this appraisal report is taken from the Appraisal Institute's The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago, Illinois, Appraisal Institute, 2015, which states:

"The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sales, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Definition of Ground Lease

A Ground Lease is defined by the Appraisal Institute in The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago, Illinois, Appraisal Institute, 2015, as:

"A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term."

Definition of Ground Rent

Ground Rent is defined by the Appraisal Institute in The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago, Illinois, Appraisal Institute, 2015, as:

"The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land."

Exposure Period

According to the previously stated definition of value, the property must be allowed a reasonable time to be exposed in the open market to achieve the appraised value. Historically, buyers and sellers of income producing real estate have assumed a maximum 12 month period between offering the property for sale and closing. Consequently, appraisers have valued properties assuming their sale within 12 months.

Review of transfer records suggests that there has been adequate activity to confirm the presence of an active investor market for most forms of income producing real estate. If exposed to the market for a reasonable period of time prior to the effective date of the appraisal, considered to be 12 months, the subject property would transfer at an appropriate price, that is to say, the appraised value.

REGIONAL ANALYSIS

Regional Overview

New York City is part of the 23-county New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area ("MSA"), which includes surrounding counties in the states of New York, New Jersey and Pennsylvania. The city proper encompasses 304.8 square miles and is divided into five boroughs: Manhattan, Queens, Brooklyn, Staten Island and the Bronx. As a whole, New York City is expected to experience growth in population and is considered to be in a state of economic recovery.

In 2018, the New York City population was estimated to be 8,679,919 with the boroughs of Brooklyn seeing the greatest increase between 2010 and 2018. The city's population is projected to continue expanding at an average annual rate of 0.66% through 2023. In terms of the economy, 86,100 jobs were added in 2016 and 125,100 were added in 2015. The annual unemployment rate has generally been decreasing since 2010, but the 2013 figure remained stubbornly high, well above pre-recession levels, due to a significant expansion in the labor force. By 2015 and through 2016, however, the unemployment rate dropped lower than pre-recession levels, reaching a low of 4.4% in December 2016—the lowest monthly rate since December 2006. The monthly unemployment rate dropped as low as 3.9% in April and December 2017, although preliminary data for June 2018 indicated a rate of 4.3%.

Employees throughout the NY-NJ-PA MSA commute to New York City, primarily Manhattan, via an extensive transportation network that is integral to the city's role as a regional employment center. All forms of transportation are well represented in New York and provide business travelers and regional employees with a wide range of options for quick and convenient access to the city. These options include a network of interstate highways, extensive public and private rail and bus service, ferry service and three major airports. Overall, local and regional transportation linkages are considered excellent.

The population growth and employment recovery indicate that New York City has emerged from the national recession. In addition, its well-developed transportation network and cultural appeal support such a trend.

Population

According to population data prepared by the United States Census Bureau and Esri BAO in Table I, the city's population grew at an average annual rate of 0.22% from the 2000 to the 2010 census and then increased at an estimated average annual rate of 0.77% between 2010 and 2018. The City's population is projected to grow at a rate of 0.66% per annum through 2023, faster than the prior decade's annual growth rate. The New York State population is expected to grow at a slower rate of 0.38% through 2023.

TABLE I
REGIONAL POPULATION

	2000 Census	2010 Census	Avg. Annual Growth 2000 - 2010	2018 Estimate	Avg. Annual Growth 2010 - 2018	2023 Projection	Avg. Annual Growth 2018 - 2023
Bronx	1,329,288	1,385,108	0.42%	1,471,439	0.78%	1,522,146	0.69%
Brooklyn	2,463,899	2,504,700	0.17%	2,691,705	0.93%	2,798,624	0.79%
Manhattan	1,537,133	1,585,873	0.32%	1,660,472	0.59%	1,703,741	0.52%
Queens	2,225,391	2,230,722	0.02%	2,371,159	0.79%	2,445,933	0.63%
Staten Island	443,069	468,730	0.58%	485,144	0.44%	496,860	0.48%
New York City	7,998,780	8,175,133	0.22%	8,679,919	0.77%	8,967,304	0.66%
NY-Newark-Jersey City, NY-NJ-PA Metro CBSA	18,944,660	19,567,410	0.33%	20,477,969	0.58%	21,025,868	0.54%
NY State	18,963,706	19,378,102	0.22%	20,070,143	0.45%	20,453,993	0.38%

Source: US Census Bureau and Esri BAO; complied by KTR Real Estate Advisors LLC

As noted in the accompanying table, the city enjoyed strong growth in recent years, with the population increasing by an average of 0.77% per year between 2010 and 2018. This growth was led by Brooklyn at 0.93% annually. Queens indicated the next highest growth, at 0.79% annually. The Bronx illustrated an annual growth rate of 0.78% and Manhattan's population grew by 0.59% per year. Staten Island's population increased by 0.44% per year over this period. Through 2023, the populations of all boroughs are expected to increase at slightly slower levels, led by Brooklyn at 0.79% and followed by the Bronx at 0.69%. Queens is projected to grow by 0.63% per year. Manhattan is projected to grow by 0.52% per year. Staten Island's growth rate is anticipated to increase 0.48% per year, still lagging behind the other boroughs. The citywide rate is projected to increase 0.66% per year through 2023.

Employment

New York City's employment base reflects its distinction as a national and international center of business, commerce, finance, communications, business services, tourism and culture and a regional provider of healthcare services. The services and financial activities sectors have historically constituted the area's strongest employment sectors, together accounting for approximately 60% of the city's employment base, compared with approximately 35% nationwide. Additionally, the business services cluster is a key export industry for the city and the region: 34 of the top 100 law firms and 17 of the top 40 management consulting firms are based in New York City. While all industries pay a wage premium in the city, earnings in the financial activities sector are 3.4 times the U.S. norm.

New York City's employment base historically has included a major presence in banking and finance but the healthcare, communications and education sectors also employ substantial numbers. Major individual employers in these industries include J.P Morgan Chase & Co., Citigroup Inc., New York-Presbyterian Healthcare, Verizon Communications, Time Warner Inc., Columbia University and New York University, although disruptions in the financial markets since 2008 have led to substantial layoffs by some of these entities.

Table II details the employment contractions and growth patterns in New York City from 2008 through June 2018. As history illustrates, job growth ebbed in 2008 as the recession took effect. As noted on the following chart, total employment in 2016 registered an increase of 86,100 jobs since 2015, a total two-year increase of 211,200 since 2014 and a three-year increase of 342,300 since 2013. The job losses of the Great Recession have been recovered and average employment in 2018 is the highest it has been in over ten years. Preliminary estimates for June 2018 reflect an increase of 86,000 jobs over the 2017 average.

TABLE II
NEW YORK CITY HISTORICAL EMPLOYMENT

Average for Year	(2) Jun-18	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Logging, Mining & Construction	159,700	151,100	147,200	139,300	129,200	122,200	116,100	112,300	112,500	120,800	132,700
Manufacturing	72,300	73,100	76,100	77,800	76,600	76,400	76,300	75,700	76,300	81,600	95,600
Wholesale & Retail Trade	502,400	495,600	495,200	497,900	446,000	446,000	468,300	454,000	440,200	430,600	448,300
Transportation & Utilities	139,900	138,600	135,200	132,300	126,200	122,900	122,200	121,700	119,500	122,000	126,400
Information	201,300	197,100	192,600	189,000	185,000	179,200	175,700	170,800	165,900	165,200	169,500
Financial Activities	478,200	469,800	465,900	459,300	449,200	437,500	438,800	439,100	428,300	433,900	464,600
Services	2,413,900	2,349,300	2,281,300	2,210,400	2,124,100	2,034,300	1,961,000	1,894,100	1,829,700	1,790,600	1,810,700
Government	545,000	552,100	552,300	549,900	545,400	544,400	546,100	550,600	558,000	567,000	564,100
Total Employment (1)	4,512,700	4,426,700	4,345,800	4,255,900	4,130,100	3,999,000	3,904,500	3,818,300	3,730,400	3,711,700	3,811,900
Net Gain (Loss) From Prior Year	86,000	80,900	89,900	125,800	131,100	94,500	86,200	87,900	18,700	-100,200	50,600
Net Gain (Loss) From Prior Year as a %	1.9%	1.9%	2.1%	3.0%	3.3%	2.4%	2.3%	2.4%	0.5%	-2.6%	1.3%
	Jobs	Percentage									
Aggregate Job Growth (Loss) Since 2007	700,800	18.3845%									
Average Annual Job Growth Since 2007	67,277	1.7649%									

(1) Totals may differ from sum due to rounding of figures. (2) Preliminary numbers.
Source: Bureau of Labor Statistics; compiled by KTR Real Estate Advisors, LLC

Unemployment

Table III details New York City's historic labor force and unemployment statistics. The labor force grew most years between 2008 and 2018, with a decline in 2010. The labor force grew by more than 102,169 between 2007 and 2009, increasing by approximately 2.6% during this two-year period. From 2009 through 2010 the labor force shrank by 0.26% to 3,950,405, while between 2010 and 2017 it increased by 6.73%, to 4,224,499, indicating a return to the labor force of people who previously abandoned job searches.

During the first years of the last decade, the unemployment rate was increasing due to both the 9/11 attacks and a national recession; however, by 2005 employment rates were declining in the region and the city. Annual unemployment figures declined from 5.8% in 2005 to 5.0% in 2006 and 2007. Unemployment remained relatively low (fluctuating between 4.5% and 5.6%) in the city through the second quarter of 2008 but rose steeply in the second half of the year when the recession hit; 2008 ended at a 6.9% December figure

and averaged 5.6% over the year. Unemployment rates rose sharply thereafter and by August 2009 unemployment in the city had reached 10.0% and peaked at 10.5% in January 2010, a 17-year high. The 2009 unemployment figure was 9.3% and increased to 9.5% in 2010. It decreased to 9.1% in 2011 and while fluctuating between 8.6 % and 10.1% throughout the year, averaged 9.3% by year-end 2012. By year-end 2014, the labor force had increased by 0.94% over the 2013 average but employment was also up, contributing to a decrease in unemployment to an average of 8.8% for the year, though monthly data in late 2014 was as low as 6.2%. According to a November 19, 2015 Crain's article entitled "Unemployment rate hits a new low in the city," the unemployment rate, then 4.8%, was lower than the national average for the first time since 2011. The year-end average in 2015 was 5.7% and dropped to 5.2% in 2016, with monthly data as low as 4.4% in December 2016. Preliminary data as of June 2018 indicate a monthly unemployment rate of 4.3%, below pre-recession figures.

TABLE III
NYC HISTORICAL LABOR FORCE STATISTICS AND UNEMPLOYMENT RATES

	June-18 (2)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Labor Force	4,231,393	4,224,499	4,194,999	4,156,730	4,127,743	4,084,536	4,022,460	3,962,833	3,950,405	3,960,774	3,926,197
Employed Population	4,051,216	4,032,497	3,977,726	3,920,055	3,828,557	3,723,927	3,646,479	3,602,687	3,573,552	3,591,529	3,705,457
Unemployed Population	180,177	192,002	217,273	236,675	299,186	360,609	375,981	360,146	376,853	369,245	220,740
Unemployment Rate (1)	4.3%	4.5%	5.2%	5.7%	7.2%	8.8%	9.3%	9.1%	9.5%	9.3%	5.6%
Annual Change											
Labor Force Annual % Change	0.16%	0.70%	0.92%	0.70%	1.06%	1.54%	1.50%	0.31%	-0.26%	0.88%	
Unemployment Basis Points Change	(24)	(70)	(50)	(150)	(160)	(50)	20	(40)	20	370	

(1) Not Seasonally Adjusted
(2) Preliminary Numbers
Source: Bureau of Labor Statistics; compiled by KTR Real Estate Advisors LLC

Tourism

The leisure and hospitality sector has witnessed significant employment gains from 2006 to 2016 where the job count grew by 34.4%, ranking New York second in the nation for leisure and hospitality sector. Leisure and hospitality was also the fastest growing of any major industry group in NY State over this 10 year period. There is a hotel construction boom underway that began prior to the downturn including numerous projects in non-traditional, "pioneering" neighborhoods for the development of more budget-oriented hotels. According to NYC & Company's Hotel Development in NYC Factsheet updated as of May 30, 2017, 35% of the hotels opened since 2015 were located in the outer boroughs, while 52% of the hotels in the 2017 pipeline and beyond are in the outer boroughs. The current development pipeline features 140 projects, new or updates, across the five boroughs representing the full scale of hotel experiences.

As of the valuation date, the important local tourism industry was easing off 2016's highs but hit yet another record breaking number of visitors. Data from NYC & Company indicates that a total of 60.7 million tourists visited New York City in 2016 with 61.8 million anticipated to have visited by year end 2017. Although economic difficulties in the European Union and the rise of the dollar continue to dull some optimism within the hospitality industry, an uptick in tourism from Asia, Australia and South America, along with a rise in business and leisure travel, have sustained the New York City marketplace. Throughout the first half of 2017, there

was concern that President Trump's travel ban proposals would cause fewer international visits to New York City. A February 28, 2017 New York Times article indicates that NYC & Company now expects 300,000 fewer international visitors than in 2016, when there were 12.7 million international visitors. A Crain's article dated July 17, 2017, however, indicates that international arrivals and travel-related spending are actually higher thus far in 2017 compared with the same period in 2016 nationwide. This article quotes Chris Heywood of NYC & Company, who again cited an anticipated decline of 300,000 international travelers and cited "rhetoric surrounding the travel ban, laptop bans on certain airline carriers and the threat of having visitors reveal social media accounts," as well as "the lack of a proactive welcome message on behalf of the nation. Overall, it is unclear whether the anticipated travel slump will be borne out this year, and whether any declines are attributable to the political climate or simply to the strong U.S. dollar.

Throughout 2016, data suggested that the New York City hotel market was exhibiting modest declines. According to the Economic Development Corporation's Economic Snapshot report for July 2017, hotel revenue per available room (RevPAR) as of March 2017 decreased 5.2% year-over-year. Declining room rates and occupancy levels have largely been blamed on the recent years' hotel construction boom which added 21,000 rooms over the five years from 2012 to year-to-date 2017, with another 24,000 planned in the current pipeline city-wide, according to NYC & Company. According to JLL's Hotel Intelligence New York (June 2016), there were more than 7,500 rooms in various stages of development in Brooklyn and Queens as of May 2016, representing 45% of existing inventory. The hotel boom in these boroughs has been a result of a rise in tourist visits to the boroughs – drawn by "their authenticity, emerging dining and retail scenes, exciting entertainment options and relative affordability"- which JLL cited as a 12% increase for Queens (versus a 4% rise in Manhattan) according to data gathered by NYC & Company in 2013. The price differential between the boroughs' hotels and Manhattan hotels, however, was shrinking – from approximately 25% in 2010 to only 20% in 2015. According to JLL's study, "Proximity to Manhattan and more affordable rates coupled with ongoing gentrification of the outer boroughs, position hotels in these areas to be increasingly attractive to tourists, which in turn encourages more development."

The May 2018 report from the New York City Economic Development Corporation indicates that Broadway revenues increased dramatically year-over-year for the fourth consecutive month, up 10.6%, driven mainly by increasing ticket prices although attendance was also up. Hotel revenue per available room (RevPAR) was up 3.5% year-over-year as of April 2017.

According to PricewaterhouseCoopers Third Quarter 2017 Air Statistics, air traffic levels have increased about 0.8% from last year. The three major metropolitan airports being Newark Liberty International Airport, LaGuardia International Airport and John F. Kennedy Airport combined served approximately 36.1 million passengers during the current quarter. This represents an increase of approximately 276,000 passengers from Quarter Three of 2016. International passenger traffic was up about 5.1% to about 14.1 million passengers, compared to about 13.4 during the Third Quarter of 2016.

Transportation

New York City's extensive multi-mode transportation network is integral to its role as a financial capital and regional employment center. These transit options include three major airports, a network of interstate highways, expressways and parkways, extensive public and private rail and bus service and water-based ferry service. John F. Kennedy International Airport functions as the principal international airport in the area; however, Newark Airport handles international and domestic flights and LaGuardia, though generally catering to domestic travelers, occasionally offers international flights. The commuter rail system, which includes the Long Island Railroad (LIRR), New Jersey Transit, PATH trains and Metro-North, are counted among the busiest in the country. The Metropolitan Transit Authority's subway system is the largest in the world in terms of track mileage and its bus system contains the largest fleet in North America. There is also long distance train service such as Amtrak from Penn Station and commuter/long distance bus service from both the Port Authority and the George Washington Bus Terminal. All of these local and regional transportation services are considered efficient and of excellent quality.

Conclusion

The regional economy began to experience a slowdown in growth in the fourth quarter of 2007 due to the turmoil in the credit markets and the national economy. The problems associated with the credit markets began a reversal of previous local growth trends beginning in the first quarter of 2008. Significant job losses were realized between late 2008 and early 2010 as the area plunged into a recession. The City has been in a post-recessionary expansion phase since the latter half of 2010.

Although the City's economy has recovered from the recession, with most market indicators exceeding pre-recession levels, by the end of 2015 there were increasing suggestions that the market had begun to stabilize after tracking a several-year steady and sometimes steep upward trajectory. The timeliest available economic reports as of the valuation date describe the overall local markets as generally stable or mixed. The July 18, 2018 Beige Book reports that economic growth in New York has "continued to expand at a moderate pace" since the prior report and "labor markets have remained tight." Tourism activity in New York City as reflected in Broadway theater performances indicated strong results as there was a "modest pickup in attendance and a marked pickup in revenues, which were up roughly 16 percent from a year earlier in May and June." Housing markets have been "mixed but, on balance, somewhat stronger since the

last report." Limited supply has decreased sales activity and put upward pressure on prices in the housing market, with the exception of the Manhattan cooperative and condominium market. This market has witnessed an increase in inventory, a decrease in sales activity and "flat to modestly lower" prices. The high end of the market in the City has also stagnated. This may be due in part to the "limited deductibility of homeowner costs under the new tax law." The City's rental market has been "mixed," with rents relatively flat to slightly down. The commercial real estate market has been "steady to softer." Office rents have decreased and availability rates have increased. The retail market has also "continued to slacken." The industrial market has stabilized with the exception of northern New Jersey. Both residential and commercial new construction has slowed, while "ongoing construction activity has remained strong."

Overall, the region has continued to demonstrate sustained growth over the last few years. The New York real estate market has regained or surpassed levels experienced prior to the 2008 recession. The growth that characterized the market over the past several years was showing signs of stabilizing as of the date of this appraisal.

REGIONAL MAP

NEIGHBORHOOD ANALYSIS

Overview

The subject is located with frontage on the south side of Atlantic Avenue, the east side of Vanderbilt Avenue and the north side of Pacific Street in the Prospect Heights section of Brooklyn. Neighborhoods surrounding Prospect Heights are Crown Heights to the east, Clinton Hill/Fort Greene to the north. Park Slope to the west and Prospect Park/Brooklyn Museum/Brooklyn Botanical Gardens to the south. Street boundaries are defined by Atlantic Avenue to the north, Eastern Parkway to the south, Flatbush Avenue to the west and Washington Avenue to the east.

Neighborhood Context

The interior portion of the neighborhood consists mostly of brownstone style residential rowhouse buildings, some built as early as 1890. Although some blocks, such as Lincoln and St. Johns Place between Underhill and Washington Avenues, include larger multi-unit apartment buildings. A number of new condominium complexes are under construction or have been completed in many parts of the neighborhood.

Directly to the west of the subject on Vanderbilt Avenue is the Pacific Park Project. The Pacific Park Brooklyn project is the redevelopment of 22 acres in downtown Brooklyn that will include approximately 6.0 million square feet of residential space, 6,430 units of affordable and market-rate housing, a state of the art sports and entertainment arena, the Barclays Center, 247,000 square feet of retail use, approximately 336,000 square feet of office space and 8.0 acres of publicly accessible open space. The project plan permits a program variation which could allow for up to 1.6 million square feet of commercial space. The project also includes major transportation improvements, including a new storage and maintenance facility for the LIRR and a new subway entrance to the Atlantic Terminal Transit Hub, the third largest hub in the City. The project was originally named Atlantic Yards and was approved in 2006. In June of 2014, Greenland, USA and Forest City Ratner Companies closed on a joint venture agreement to develop all phases of the project, excluding the Barclays Center and the first residential tower at 461 Dean Street which was already under construction.

The majority of new developments in the area are within the Pacific Park Project. 461 Dean Street is a 32-story, 346,000 square foot apartment building with retail at grade. There are 363 apartments of which 50.0% of the units are affordable. The unit mix consists of studios, one and two-bedroom units. Amenities include a 24-hour doorman, fitness center, lounge, game room, yoga/dance studio, children's playroom, bike storage, resident lounge, rooftop terrace and a washer/dryer in every unit. The property was completed in the Fall of 2016 and sold for $156 Million in March 2018.

535 Carlton Avenue is an 18-story apartment building with retail at grade. There are 298 apartments all of which are affordable. The unit mix consists of studios, one, two and three-bedroom units. Amenities include a fitness center, children's play area, bike storage, resident lounge and a rooftop terrace. There are laundry rooms on every floor. The property was completed in Early 2017.

550 Vanderbilt Avenue, located directly across the street from the subject, is a 17-story, 359,625 square foot residential condominium with retail at grade. There are 278 units ranging from studios to four-bedroom apartments. Amenities include a 24-hour doorman, underground parking garage, a library fitness center, lounge with catering kitchen, children's playroom, bike storage, pet grooming station, rooftop terrace and communal gardens. There is a large capacity laundry room at the property. The property was opened in early 2017 and according to public record the building is 71.0% sold.

38 Sixth Avenue is a 23-story apartment building with retail at grade. There are 303 apartments all of which are affordable. The unit mix consists of studios, one, two and three-bedroom units. Amenities include underground parking, a fitness center, children's play area, bike storage, resident lounge, health clinic, and a rooftop terrace. There are laundry rooms on every floor. The property was completed in the Summer of 2017.

Yimby lists multiple other projects in different stages of development. An article dated May 16, 2018, indicates that permits have been filed at 484 Sterling Place for a seven-story mixed-use condominium. The property will total 42,050 square feet containing 25 apartments, community facility space and 14 parking spaces. There will be a shared rooftop terrace, with three units having their own terrace space. Demotion permits were filed in 2017 to demolish the one-story structure on the site. An estimated completion date has yet to be announced. It is noted, that the filed building plans; however, indicate a zoning floor area of 36,015 square feet.

A January 15, 2018 article, indicated a redesign for 731-733 Bergen Street, a four-story, 15 unit residential condominium totaling 21,100 square feet of space. The building will have a laundry room and fitness center. An estimated completion date has yet to be announced.

According to a December 26, 2017, there is a proposed supermarket at 35 Underhill Avenue. There is an existing apartment building on the property and there is an application in for a rezone of the area from R6B to R6A which would increase the FAR from 2.0 to 3.0 in order to construct the supermarket. The supermarket would convert ground floor area into the proposed use. The estimated completion date is 2020, pending the approval of the rezone.

Demographics

According to ESRI Business Analyst Online, the subject's zip code currently has 53,089 residents (2018 estimate), a 1.27% annual increase over the 2010 population of 48,176. The area is expected to experience a further population increase through 2023, when it is projected to reach 56,802; an annual 1.4% increase. The number of households has increased at a slightly slower rate since 2010 with the 2018 estimate representing a 1.13% annual increase. This trend is anticipated to continue into the future with a projected 1.34% annual increase through 2023. The projected median household income in 2023 represents an annual 4.39% increase over the 2018 estimate. The projected average income in 2023 represents a 4.09% annual increase over the 2018 estimate. The following table illustrates the population, households and income trends from 2010 to 2023.

DEMOGRAPHIC TRENDS

	2010 Census	2018 Estimate	Annual % Change 2010-2018	2023 Projection	Annual % Change 2018-2023
Population	48,176	53,089	1.27%	56,802	1.40%
Households	22,271	24,277	1.13%	25,898	1.34%
Median Household Income	N/A	$72,901	-	$88,885	4.39%
Average Household Income	N/A	$105,790	-	$127,414	4.09%
Per Capita Income	N/A	$48,985	-	$58,661	3.95%

Source: ESRI Business Analyst Online

Community District

The subject is located in Community District 8 in Brooklyn. The district includes Crown Heights, Prospect Heights and Weeksville. According to the "Community District Needs," as published by the New York City Department of City Planning, the district had a 2010 population of 96,317, representing a <1.0% increase from the 2000 population of 96,076. Community District 8 is residential in character with 72.0% of its land devoted to either 1-2 family or multi-family residential or mixed residential/commercial use. Public/Institutional uses account for 10.0% of the land use. No other land use is greater than 5.0%. The land use profile for Brooklyn Community District 8 is summarized in the table on the following page.

Brooklyn Community District 8

See BK 8's profile online

NYC PLANNING

Neighborhoods[1]: Crown Heights, Prospect Heights, Weeksville

POPULATION & DENSITY

2000[2]	2010[3]	2000-2010
96,076	96,317	0%

2011-2015 Estimate[4]	125,410
Square Miles	1.6
Population Density	60,198/sq mi

COMMUNITY BOARD PERSPECTIVES

Top 3 pressing issues identified by Brooklyn Community Board 8 in 2017:

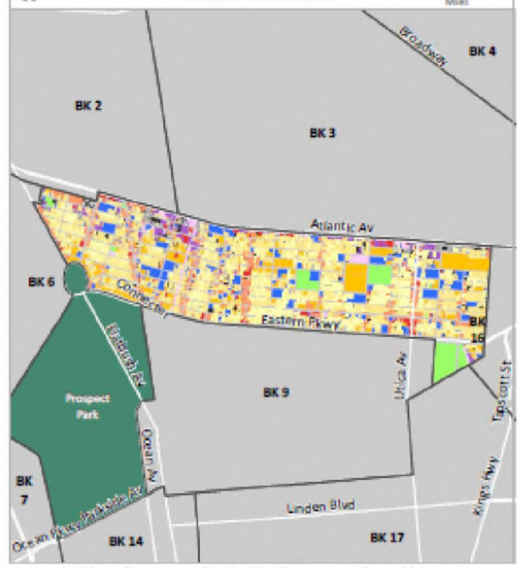
1. Affordable housing
2. Neighborhood preservation
3. Quality of life issues

To learn more, please read Brooklyn CD 8's Statements of Community District Needs and Community Board Budget Requests for Fiscal Year 2018.

Website: www.brooklyncb8.org
Email: info@brooklyncb8.org

Land Use Category	# Lots	% Lot Area
1 & 2 Family Bldgs	2,733	19%
Multifamily Walk-up	3,116	32%
Multifamily Elevator	170	12%
Mixed Use	1,038	9%
Commercial	117	3%
Industrial	116	3%
Transportation/Utility	48	2%
Public/Institutional	211	10%
Open Space	19	5%
Parking	169	3%
Vacant	278	2%
Other	56	<1%

LAND USE MAP



Click here for a more detailed land use map of Brooklyn CD 8

A Snapshot of Key Community Indicators

COMMUNITY ASSETS[5]

Public Schools	42
Public Libraries	1
Hospitals and Clinics	12
Parks	8

Click to visit the NYC Facilities Explorer

RENT BURDEN[4, 6]

Brooklyn CD 8: **44%** of households spend 35% or more of their income on rent

Brooklyn 46% | NYC 45%

ACCESS TO PARKS[7]

Brooklyn CD 8: **92%** of residents live within walking distance of a park or open space

Citywide Target 85%

MEAN COMMUTE TO WORK[4, 8]

Brooklyn CD 8: **41** minutes

Brooklyn 42 minutes | NYC 40 minutes

LIMITED ENGLISH PROFICIENCY[4]

Brooklyn CD 8: **8.7%** of residents 5 years or older have limited English proficiency

Brooklyn 23.6% | NYC 23.1%

CRIME RATE[9]

Brooklyn CD 8: **10.9** major felonies were reported per 1,000 residents in 2016

Brooklyn 11.2 | NYC 11.8

EDUCATIONAL ATTAINMENT[4, 10]

Brooklyn CD 8: **36%** of residents 25 years or older have earned a bachelor's degree or higher

Brooklyn 33% | NYC 36%

UNEMPLOYMENT[4, 10]

Brooklyn CD 8: **10.5%** of the civilian labor force was unemployed on average from 2011 to 2015

Brooklyn 10% | NYC 9.5%

POVERTY[4, 10]

Brooklyn CD 8: **26%** of residents had incomes below the poverty level

Brooklyn 23% | NYC 21%

[1]Neighborhoods may be in multiple districts. Names and boundaries are not officially designated. [2]2000 US Census; [3]2010 US Census; [4]American Community Survey 2011-2015 5-Year Estimates, calculated for Public Use Microdata Areas (PUMAs). PUMAs are geographic approximations of community districts. [5]NYC Dept of City Planning Facilites Database (2017); [6] Differences of less than 3 percentage points are not statistically meaningful. [7]NYC Dept of Parks and Recreation (DPR) (2016). DPR considers walking distance to be 1/4 mile for parks less than 6 acres, and 1/2 mile for larger parks and pools. [8]Differences of less than 2 minutes are not statistically meaningful. [9]NYPD CompStat, Historic Complaint Data (2017); [10]Differences of less than 2 percentage points are not statistically meaningful.

Access

Access to the neighborhood is considered very good. The nearest subway is the C train with a stop one block north of the subject at the intersection of Clinton Avenue and Fulton Street. The G train is four blocks north of the subject at the intersection of Lafayette and Clinton Avenue. The major transportation hub of Downtown Brooklyn is the Atlantic Avenue Terminal, six blocks west of the subject, providing access to the B, D, N, Q, R, 2, 3, 4 and 5 trains, in addition to the Long Island Rail Road. Bus service is available on Atlantic Avenue. Vehicular transit is also well served with bridge (Brooklyn and Manhattan bridges) and tunnel (Brooklyn-Battery Tunnel) links as well as surface arterials. The subject property has good access to the extensive transportation network and nearby employment centers.

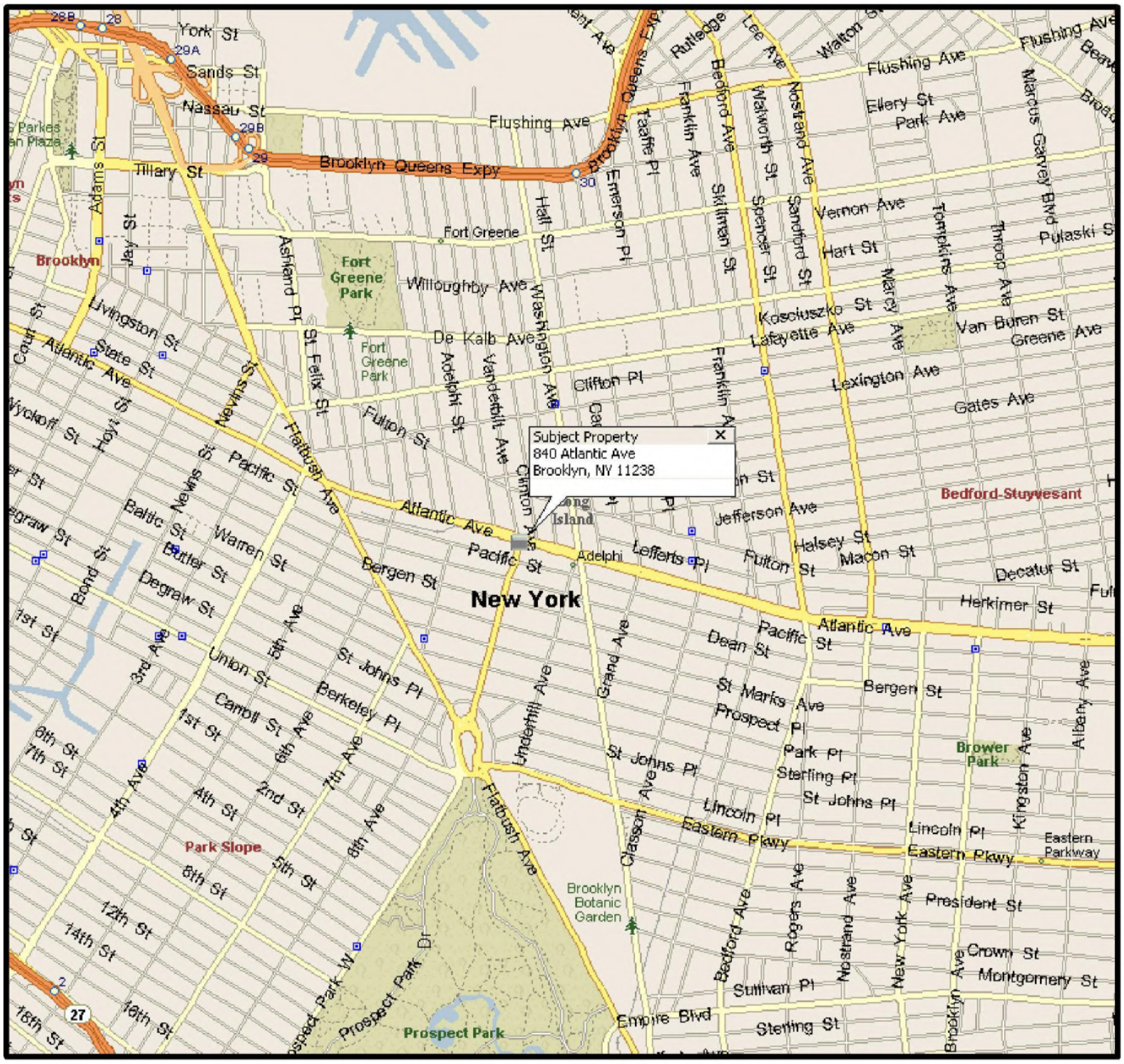
Surrounding Improvements

Surrounding improvements consist of developments associated with the Pacific Park Project directly to the west of the subject on Vanderbilt Avenue, with 550 Vanderbilt Avenue being across the street at the intersection of Vanderbilt Avenue and Pacific Street. On the northwest corner of Vanderbilt and Atlantic Avenue is a 650,000 square foot office and retail building, known as 470 Vanderbilt Avenue. Adjacent to the subject on Atlantic Avenue are one-story retail buildings or multi-story mixed used properties. Verizon has an office building across the street at the intersection of Atlantic and Clinton Avenue. Along Pacific Street are smaller two to three story residential properties and the Co-Cathedral of St. Joseph across the street from the subject. It is noted that residential building associated with the cathedral is in the process of being demolished.

Conclusion

The subject is located in a desirable residential area with good access to public transportation providing connections to Manhattan, Downtown Brooklyn and the other boroughs. The immediate neighborhood is experiencing significant development activity and is anticipated to enjoy continued growth.

NEIGHBORHOOD MAP



SITE ANALYSIS

Address	840 Atlantic Avenue 547 Vanderbilt Avenue 847-853 Pacific Street Brooklyn, New York
Legal Description	Block 1122 Lots 1, 68 and 71
Property Location	The property is located at the southeast corner of Atlantic and Vanderbilt Avenue in the Prospect Heights section of Brooklyn. It has additional frontage on the north side of Pacific Street.
Site Area	29,000 square feet (combined).
Shape/Frontage/Access	The site is U-shaped with 170 feet of frontage along the south side of Atlantic Avenue, 200 feet along the east side of Vanderbilt Avenue and 120 feet along the north side of Pacific Street. There are curb cuts, providing access, along all fronting streets.
Topography	The site is generally level at grade.
Soil Conditions	The appraisers were not provided a soil survey. Based on surrounding improvements, it is assumed that the soil is of sufficient load bearing capacity to support development to its Highest and Best Use. No drainage problems were observed.
Easements	There are no known easements or encroachments affecting the subject site which would adversely impact the marketability or utility of the subject property.
Flood Zone	According to the Federal Emergency Management Agency's (FEMA) Flood Insurance Rate Map (FIRM) map number 36049700212F, a non-printed panel, dated September 5, 2007, the subject is situated in a Flood Zone X, characterized as an area determined to be outside the 0.2% annual chance flood plain. Before Hurricane Sandy, FEMA had begun a coastal flood study to update Flood Insurance Rate Maps (FIRMs) Flood Insurance Study (FIS) reports for portions of New York and New Jersey using improved methods and data to better reflect coastal flood risk. After Sandy, FEMA released Advisory Base Flood Elevation (ABFE) maps for certain communities based on the partially completed flood study which were designed to help in rebuilding and recovery efforts. This area remained unchanged and is still a non-printed panel.
Land Use Restrictions	KTR is not aware of land use restrictions other than those standard restrictions discussed in the Zoning Analysis section of this report. It is recommended that interested parties obtain current title documents to determine if any additional restrictions exist.

Hazardous Substances

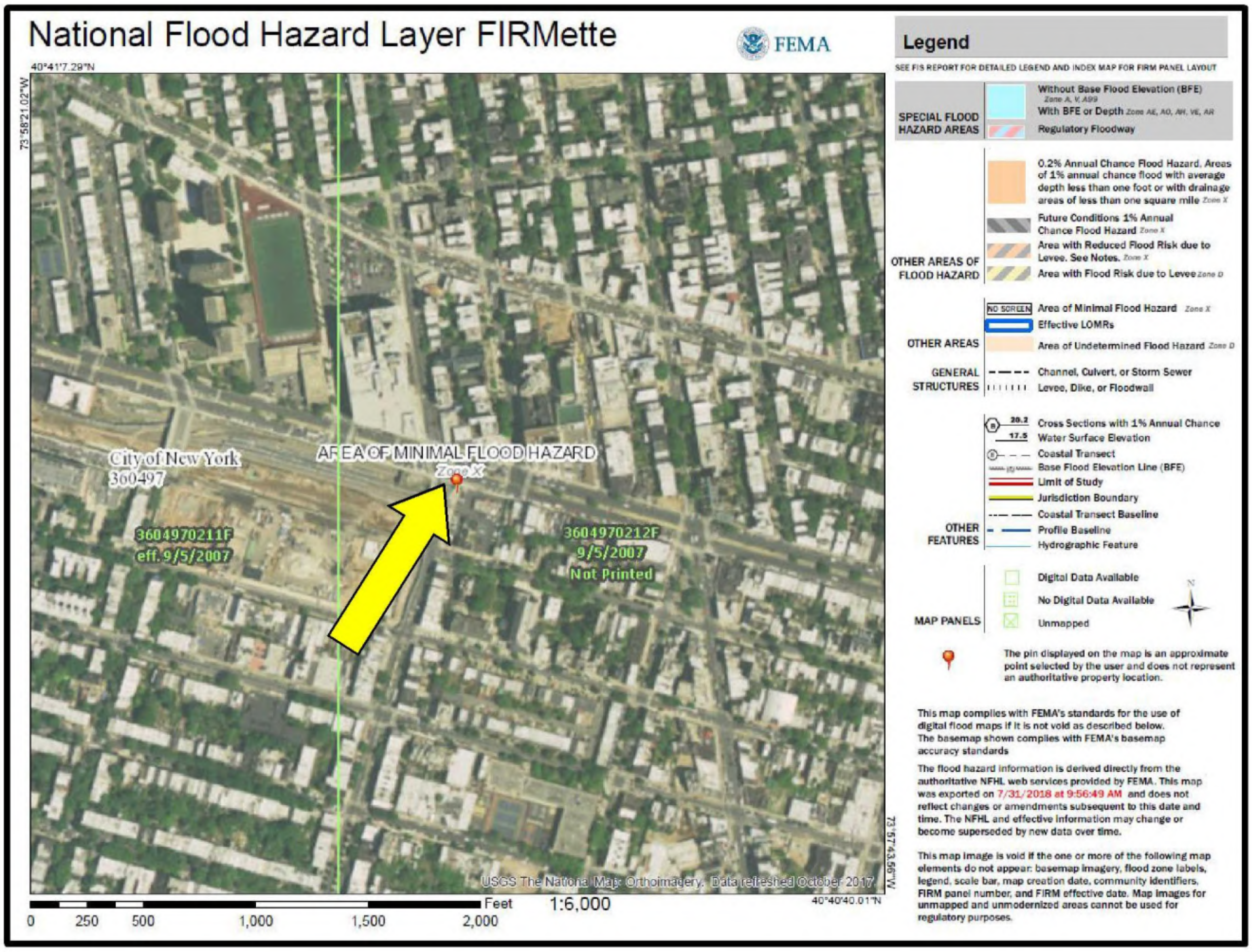
An environmental report was not supplied to the appraisers. No hazardous waste was observed at the time of inspection; however, the appraisers are not experts in this field and suggest that one be consulted if concern exists. If the subject is rezoned under the proposed "M Crown" rezoning, it is likely that environmental testing and protocols will be established under the City's Department of City Planning, as has been done in other areas where significant rezoning occurred.

Conclusions

The subject site is considered fully capable of supporting the existing improvements and potential future development to the site's Highest and Best Use. It has good utility, visibility and access.

SITE MAP

SEPTEMBER 5, 2007 FLOOD MAP



ZONING ANALYSIS

Zoning District

According to the current zoning map, the subject property is split-zoned, located within a M1-1 manufacturing zone and a R6B residential zone. M1 districts accommodate a variety of industrial and manufacturing uses and are often buffers between M2 or M3 districts and adjacent residential or commercial areas. R6B districts are often traditional row house districts, which preserve the scale and harmonious streetscape of neighborhoods of four-story attached buildings developed during the 19th century. Many of these houses are set back from the street with stoops and small front yards that are typical of Brooklyn's "brownstone" neighborhoods, such as Park Slope, Boerum Hill and Bedford Stuyvesant. The Quality Housing Program is mandatory in R6B districts.

Permitted Uses

Specific use groups allowed in M1-1 zones include Use Group 4 (community facilities including ambulatory diagnostic or treatment health care facilities, clubs, community centers, houses of worship, monasteries, non-commercial recreation centers, non-profit or voluntary hospitals, proprietary hospitals, seminaries, welfare centers, cemeteries, golf courses, public or private parks, playgrounds and railroad or transit rights-of-way), Use Group 5 (transient hotels), Use Group 6 (all types of offices and a broad range of retail and service uses from banks to beauty parlors to restaurants and bars, to consumer goods stores such as book stores, sporting goods stores and drug stores), Use Group 7 (home maintenance facilities and certain wholesale operations), Use Group 8 (large amusement uses, such as theaters, bowling alleys and pool halls), Use Group 9 (large retail and service uses such as auto showrooms and studios), Use Group 10 (large retail establishments that serve a wide area – such as rug stores, clothing stores, department stores, furniture stores, and large eating and drinking establishments, as well as radio and television studios), Use Group 11 (custom manufacturing uses), Use Group 12 (large entertainment facilities, such as arenas), Use Group 13 (amusements, open or enclosed such as camps, circuses, carnivals, gold driving ranges, mini golf courses, outdoor roller skating or skateboarding parks, theaters, retail establishments such as banquet or catering halls and refreshment stands and service establishments such as boat fuel sales), Use Group 14 (retail or service such as bicycle or boat sales or repair shops, boat showrooms or storage, candy or ice cream stores, docks, sporting goods stores and clubs), Use Group 16 (self-storage facilities) and Use Group 17 (manufacturing uses such as manufacturing, service and wholesale establishments).

Specific use groups allowed in R6 zones include Use Group 1 (single family detached housing), Use Group 2 (single or two-family attached housing and multifamily), Use Group 3 (community facilities including colleges or universities, libraries, museums, long-term care facilities, monasteries, non-profit hospital staff dwellings, philanthropic or non-profit institutions and schools) and Use Group 4 (community facilities including ambulatory diagnostic or treatment health care facilities, clubs, community centers, houses of worship, monasteries, non-commercial recreation centers, non-profit or voluntary hospitals, proprietary hospitals,

seminaries, welfare centers, cemeteries, golf courses, public or private parks, playgrounds and railroad or transit rights-of-way).

The existing retail building is situated solely in the M1-1 portion of the site and is considered a conforming use.

FAR

Bulk allowances in the M1-1 zone permit development at 1.0 times the lot area. In the R6B zone, the permitted bulk allowance is 2.0 times the lot area and can be increased to 2.2 times the lot area with inclusionary housing. The subject's 29,000 square foot overall lot would allow the development of a 36,000 square foot building on the land if it were vacant. It is noted that of the total buildable area, 22,000 can be manufacturing/commercial and 14,000 square feet can be residential. The buildable area is outlined in the chart below. It is noted that the subject's existing improvement of 3,760 square feet is considered a significant under improvement.

DEVELOPABLE AREA OF THE FULL SUBJECT LOT

Segment	Dimensions		Sq.Ft.	Zoning	FAR	Dev.Area
Lot 1 (M1-1)	170	100	17,000	M1-1	1.0	17,000
Lot 1 (R6B)	50	100	5,000	R6B	2.0	10,000
Lot 68 (M1-1)	5	100	500	M1-1	1.0	500
Lot 68 (R6B)	20	100	2,000	R6B	2.0	4,000
Lot 71	45	100	4,500	M1-1	1.0	4,500
Overall Lot ("U"-shape)			29,000			36,000

*R6B Far Can Be Increased to 2.2 with Inclusionary Housing
Source: Compiled by KTR Real Estate Advisors LLC

It is also noted that Lot 68 could potentially be treated as fully R6B under Section 77-11 of the Zoning Resolution, Special Provisions for Zoning Lots Divided by District Boundaries. However, as it is unclear if Lot 1 and Lot 68 were "zoning lot existing" on the date when these zoning districts were enacted, Section 77-11 may not apply to the current development of the subject site in total.

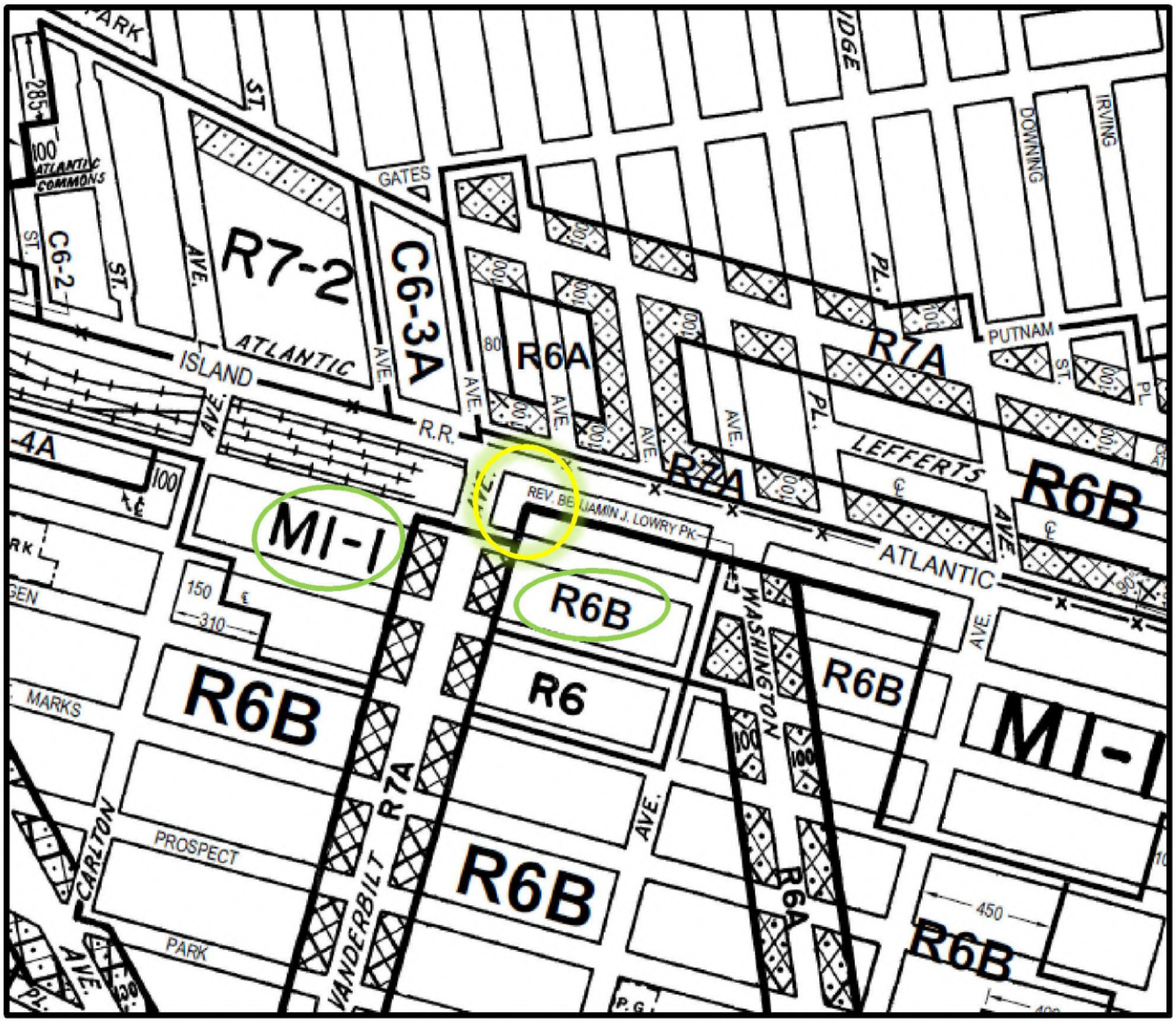
Parking

Off-street parking is required for one space for every 300 square feet in the M1-1 district. Off-street parking is required for 50.0% of the residential units in the R6B district. The parking requirement may be waived if five or fewer spaces are required. The existing improvements require 13 spaces. There are currently 37 spaces provided, meeting the parking requirement.

Conclusions

The existing improvements appear to represent a legal and conforming use with a significantly underbuilt bulk. The appraisers do not warrant that they are experts in zoning matters and; as such, it is recommended that interested parties seek a qualified professional for a more comprehensive analysis. A reproduction of the applicable section of the zoning map is presented on the following page.

ZONING MAP



Proposed "M Crown" Rezoning

The subject is located in an area that is currently being considered for rezoning, under a study known as the "M Crown" rezoning. A presentation prepared by the Department of City Planning from February 12, 2018 has been provided. Based on this presentation, the goals of the "M Crown" rezoning are to rezone the current M1-1 district to increase available density for commercial/manufacturing uses mixed with residential, use market rate residential development to cross-subsidize affordable housing and manufacturing, set affordability levels based on median income for Community District 8 and tailor allowable manufacturing uses in the new zone to maximize potential for living wage jobs. The subject is proposed to be in the High-Density C (along Atlantic Avenue) and MX subdistricts (along Pacific Street). Further, the subject would be situated in both the MX interior side street and north-south blocks subdistricts.

The presentation lists concerns associated with the High Density C rezoning including no opportunity for industrial use, very high density planned for the Vanderbilt corner (citing Atlantic Yards as context) and no clear reason why the church at the corner of Atlantic and Bedford Avenue is being rezoned. The presentation indicates that the proposed High Density C zone along Atlantic Avenue would be equivalent to a C6-1 Commercial District with a Community Facility FAR of 6.5, 6.0 FAR for commercial and a 4.6 Mandatory Inclusionary Housing FAR. The maximum height would be 145 feet. Additionally, there would be an Enhanced Commercial District Overlay which will require ground floor retail; however, the exact overlay governing the requirements has yet to be decided.

The presentation details concerns associated with the High Density MX rezoning including that the Department of City Planning ("DCP") continues to be reluctant to allow use restrictions or mandates, the target density for the proposed MX zone is likely to be 4.6 FAR, limiting the possibility for manufacturing cross subsidy, the result is that the proposed MX zone is likely to heavily favor residential and that lots identified by DCP for "loft preservation" to retain manufacturing uses in the Spring of 2017 would now be slated for residential conversion. It is noted that the subject site is not impacted by the last concern. As previously noted, the MX subdistrict would be further subdivided into the MX interior side street and north-south blocks subdistricts. The MX interior side streets would convert the current zoning to a C4-3A Commercial Zone, with a community facility FAR of 4.8, a commercial FAR of 3.0 and a residential Mandatory Inclusionary Housing FAR of 3.6. The maximum height would be 85 feet. The MX north-south blocks would convert the current zoning to a C4-4A Commercial Zone, with a community facility FAR of 4.8, a commercial FAR of 4.0 and a residential Mandatory Inclusionary Housing FAR of 4.6. The maximum height would be 95 feet. Additionally, there would be an Enhanced Commercial District Overlay which will require ground floor retail; however, the exact overlay governing the requirements has yet to be decided.

It is noted that the Mandatory Inclusionary Housing regulations have also not been discussed and could potentially significantly impact future decisions and development. Although not finalized, the Mandatory Inclusionary Housing will include one or more of four permanent affordable housing requirements, as outlined in the Housing New York flyer reproduced in the Addenda of this report. City Planning and the City Council can choose to impose one or both basic affordable options. Option 1 requires 25.0% of the units be affordable, with 10.0% at 40.0% of Area Median Income (AMI) and 15.0% at 60.0% of AMI. Option 2 requires 30.0% of the units to be affordable at 80.0% of AMI. In addition, City Planning and the City Council may also add one or both of two other options. Option 3 requires 20.0% of the units to be affordable at 40.0% of AMI. Option 4 requires 30.0% of the units be affordable, with 5.0% at 70.0% of AMI, 5.0% at 90.0% of AMI and 20.0 at 115.0% of AMI. Based on the City's posture regarding the need for affordable housing, it is likely that at the least Option 1 and Option 2 will be required as apart of "M Crown".

Based on conversations with the client and our research, there does not appear to have been any changes or status updates since this presentation. A copy of the Department of City Planning's presentation can be found in the Addenda. Based on a review of the proposed "M Crown" rezoning map, Lot 1's M1-1 portion will be in the High Density C subdistrict and the R6B portion will be in the MX interior side street subdistrict. Lot 68 will be in the MX interior side street subdistrict and Lot 71 will be in the MX north-south blocks subdistrict. Based on these reclassifications, the buildable area is outlined in the chart below.

DEVELOPABLE AREA OF THE FULL SUBJECT LOT "M CROWN"

Segment	Dimensions		Sq.Ft.	Zoning Subdistrict	FAR	Dev.Area
Lot 1 (M1-1 Portion)	170	100	17,000	C	6.0	102,000
Lot 1 (R6B Portion)	50	100	5,000	MX (Interior St.)	3.6	18,000
Lot 68	25	100	2,500	MX (Interior St.)	3.6	9,000
Lot 71	45	100	4,500	MX (North-South St.)	4.6	20,700
Overall Lot ("U"-shape)			29,000			149,700

*C Zone can be Bonused to 6.5 FAR for Community Facility

*MX Zone can be Bonused to 4.8 FAR for Community Facility

A reproduction of the proposed "M Crown" rezoning map is presented on the following page.

"M CROWN" REZONING MAP